

PROGRAM FOR THE VERIFICATION OF RECEIPT OF GOODS

PAID FOR UNDER FEDSTRIP/MILSTRIP SYSTEMS

I. Purpose

To develop a system within the Agency to assure verification of receipt of supplies and materials billed under the FEDSTRIP/MILSTRIP systems and paid for according to Section 4230, GAO Title 7 - Standardized Fiscal Procedures.

II. Scope

To include all supplies and materials ordered and received under the FEDSTRIP/MILSTRIP systems since 15 December 1966, when payment of such billings was initiated based on the "constructive evidence of receipt" concept, as authorized by GAO Title 7.

III. Participation

All components which effect entries to the related accounts, as well as those responsible for the issuance of procedures applicable thereto, should participate jointly in the verification program. These should include, but not necessarily be limited to, representatives from components responsible for the certification of expenditures, property accountability and requisition control, and systems development. The composition of the team may be revised as requirements dictate. A team leader should be designated and the responsibility assigned for preparation of the team's reports on results of the verification reviews performed in accordance with Para VI. A target date should be set at the outset for completion of the reports on the results of the reviews.

IV. Description of Accounts

A. Present Accounts

1. G. L. Account No. 606.0 - Property Purchased-Expenditures.
A debit balance account which represents the net amount paid or credited to advances, when applicable, by Headquarters for (1) property purchased and subject to Headquarters property procedures, and (2) property ordered by Headquarters for direct shipment to Type I installations for which payment is effected at Headquarters.

- a. Expenditures are recorded upon payment of the invoice or billing from other Government agencies.
 - b. All expenditures for property purchased under the FIDSTRIP/MILSTRIP system are recorded to show the FIDSTRIP/MILSTRIP number and the purchase order number.
 2. G. L. Account No. 607.0 - Property Purchased-Acquisitions.
A credit balance account which represents the acquisition cost of (1) property purchased and subject to Headquarters property procedures, and (2) property ordered by Headquarters for direct shipment to Type I installations for which payment is effected at Headquarters.
 - a. Acquisition cost of property is recorded upon evidence of receipt.
 - b. Acquisitions are identified by receiving report number and Logistics voucher (purchase order) number.
 3. G. L. Accounts 606.0 and 607.0 are closed at the end of each fiscal year as contra entries to Account 450.0 - Invested and Donated Capital. The data contained in these accounts is retained by the Office of Computer Services for use in issuing a statistical report.
 4. The 606.0 and 607.0 accounts are controlled by the Logistics voucher (purchase order) number and the dollar amount.
- B. Current Reports
1. A two-part report of the 606.0 and 607.0 accounts is issued quarterly.
 - a. Part One lists unmatched and partially matched payment and acquisition transactions recorded during the reporting quarter and previous quarters.

- b. Part Two lists acquisitions on which no corresponding expenditures have been recorded and covers all such transactions on record before the period starting nine months prior to the close of the reporting quarter.
- c. Matched items are not reported on a machine listing.
- d. The quarterly two-part report is forwarded to Supply Division, Office of Logistics for such research and action as they deem necessary, in accordance with OFI #102.

V. Current Procedures

The following issuances are concerned with the payment for and acquisition of property by the Agency, as related to the FEDSTRIP/MILSTRIP system:

- 1. GAO Title 7 - Standardized Fiscal Procedures, Section 423D
- 2. OFI #71, Revised, dated 22 December 1965
- 3. OFI #102, Revised, dated 26 February 1966
- 4. Memo for the Record, dated 13 December 1966, "Revision of Procedure for Recording Property Under the FEDSTRIP/MILSTRIP System."

A. Office of Finance

- 1. Billings from supplying agencies are processed for payment by the General Claims Branch of the C&L Division. Billings are checked against the Document-Voucher Cross Reference Register provided by the Supply Division of the Office of Logistics, and coding data is extracted for vouchering the payment as a charge to G. L. Account 06.0.
- 2. Based on information provided by the Office of Logistics, C&L Division shall prepare and/or certify vouchers as necessary to adjust unmatched acquisition and payment transactions, and shall prepare audit difference statements for forwarding to the affected agencies.

3. The Office of Finance, in coordination with the Office of Logistics, is responsible for the performance of internal site audits and recurring reviews on a selective basis of Logistics receiving records, to assure the adequacy of verification by GL of deliveries against FEDSTRIP/MILSTRIP requisitions for which payment has been made.

B. Office of Logistics

1. The Supply Division furnishes to the Office of Finance, on the Document-Voucher Cross Reference Register, the FAN to be charged for each acquisition so that the billing may be vouchered for payment or credit.
2. The Office of Logistics records acquisitions of material as credit entries in the 607.0 account. Copies of requisitions and receiving reports of material acquired under the FEDSTRIP/MILSTRIP system are not provided to the Office of Finance.
3. The Supply Division, GL, in coordination with the Office of Finance, is responsible for the analysis of the quarterly reports of the 606.0/607.0 accounts, and shall refer those differences which are outside its jurisdiction to the appropriate office for adjustment or resolution.

VI. Method of Verification

The following guide for verification is provided for use of the team.

- A. Obtain and use 606.0 and 607.0 listings as basis of verification.
 1. Identify and disregard commercial items.
 2. Determine number of FEDSTRIP/MILSTRIP unmatched items under \$100, and aggregate dollar amount of same.
 3. Determine disposition of items under \$100.
 4. Ascertain that receiving and ordering is not done by same management.

B. Determine verification ratios.

1. Exclude items less than 30 days old from date of OF voucher.
 2. Prepare work sheet of unmatched payments to be examined, listing FEDSTRIP/MILSTRIP and Logistics voucher (purchase order) numbers, bill numbers as shown on the bills, and Finance voucher numbers.
 3. Prepare work sheet of partially matched payments to be examined, listing FEDSTRIP/MILSTRIP and Logistics voucher numbers, bill numbers as shown on the bills, and Finance voucher numbers.
 4. Prepare work sheet of unmatched acquisitions, showing Logistics voucher and receiving report numbers.
 5. Prepare work sheet of a sample of matched items which are to be verified.
- C. Use work sheets and machine listings to research unmatched items at the Supply Division, Office of Logistics, by physical examination of the related FEDSTRIP/MILSTRIP order and/or receiving report documentation to verify receipt and/or determine any action necessary.
1. All items should be annotated as to reason for non-match.

VII. Frequency of Verification Reviews

After experience is gained from the initial reviews, a flexible schedule related to the quarterly reports should be established for the frequency and timing of the reviews.

VIII. Future Requirements

In the light of experience gained after initial reviews, the verification team should explore:

1. The necessity for new accounts.

2. The necessity for new reports, or adjustments, refinements or additions to existing reports.
3. The frequency of machine listings and of other reports.

IX. Development of Long-Term Systems

In conformance to Para. 5 of the memo from Director of Finance to Director of Logistics, dated 20 September 1966, representatives of the Field Support Branch of Supply Division, Office of Logistics, and Policy and Planning Staff, Office of Finance, should draft procedures for a long-term system for the payment and acquisition of goods under the PEDSTRIP/MILSTRIP systems. The long-term procedures are to be coordinated with the Support Services Staff of HDS in view of their interest in the eventual development of the ultimate system.

Prepared by Certification and Liaison Division, Office of Finance
13 April 1967

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

FSSB 503 Key

STAT

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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1. SSD/DDS
705 Magazine
Attn: [redacted]

4/18/69

JB

Bob:
Transmitted herewith in accordance with phone conversation with

2.

3. FSSB
503 Key Bldg.
Attn: [redacted]

JA

4.

5. *File*

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1-3 We have no objection to attached proposal. We will strive to keep you abreast of our integrated system proposals as they are developed.